

AMENDED IN SENATE MAY 7, 2008

AMENDED IN SENATE MARCH 3, 2008

AMENDED IN SENATE FEBRUARY 12, 2008

AMENDED IN ASSEMBLY JANUARY 23, 2008

CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

## ASSEMBLY BILL

**No. 624**

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**Introduced by Assembly Member Coto**  
*(Principal coauthor: Senator Oropeza)*  
**(Coauthors: Assembly Members Dymally and Lieu)**

February 21, 2007

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An act to add Section 5081 to the Corporations Code, and to add Section 16065 to the Probate Code, relating to private foundations.

### LEGISLATIVE COUNSEL'S DIGEST

AB 624, as amended, Coto. Foundations: diversity.

Existing law regulates the administration of nonprofit corporations and trusts that are deemed to be private foundations, as defined under federal tax law, and requires these private foundations to distribute their income for each taxable year so as not to subject the private foundation or its property to specified federal tax requirements. Existing law requires these entities to prepare specified annual reports.

This bill would require a private, corporate, or public operating foundation *that is incorporated in this state* with assets over \$250,000,000 to collect specified data pertaining to its governance and domestic grantmaking. The bill would require this information to include the racial and gender composition of the board of directors and staff of the foundation; if applicable, the number of grants and grant dollars

awarded to organizations specifically serving *specified* ethnic-minority communities, lesbian, gay, bisexual, and transgender communities, *disabled communities*, and other underrepresented communities; the number of grants and grant dollars awarded to organizations where 50% or more of the board members or staff are ethnic minorities; and the number of grants and grant dollars awarded to predominantly low-income communities. The bill would require a foundation to disclose this information via its Internet Web site, if available, and to include this information in its annual report, as specified.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 5081 is added to the Corporations Code,  
2     to read:  
3     5081. (a) Notwithstanding any other provision of law, a  
4     corporation, during any period or periods that it is deemed to be  
5     a private, corporate, or public operating foundation *incorporated*  
6     *in the State of California*, shall collect the following information:  
7     (1) The racial composition of its board of directors, including  
8     the number and percentage of board members that are  
9     African-American, Asian-American, Pacific Islander, Caucasian,  
10    Latino, Native American, and Alaskan Native.  
11    (2) The gender composition of its board of directors, including  
12    the number and percentage of board members who are male and  
13    female.  
14    (3) The racial composition of the foundation's staff, including  
15    the number and percentage of full-time equivalent staff members  
16    that are African-American, Asian-American, Pacific Islander,  
17    Caucasian, Latino, Native American, and Alaskan Native.  
18    (4) The gender composition of the foundation's staff, including  
19    the number and percentage of staff who are male and female.  
20    (5) The number and percentage of business contracts awarded  
21    to businesses owned by African-Americans, Asian-Americans,  
22    Pacific Islanders, Caucasians, Latinos, Native Americans, and  
23    Alaskan Natives.  
24    (6) If applicable, the number of grants and grant dollars awarded  
25    to organizations specifically serving African-American,  
26    Asian-American, Pacific Islander, Caucasian, Latino, Native

1 American, and Alaskan Native communities, lesbian, gay, bisexual,  
2 and transgender communities, *disabled communities*, and other  
3 underrepresented communities.

4 (7) The number of grants and grant dollars awarded to  
5 organizations where 50 percent or more of the board members are  
6 ethnic minorities.

7 (8) The number of grants and grant dollars awarded to  
8 organizations where 50 percent or more of the full-time equivalent  
9 staff are ethnic minorities.

10 (9) The number of grants and grant dollars awarded to  
11 predominantly low-income communities.

12 (b) The information collected pursuant to subdivision (a) shall  
13 be posted on the foundation's Internet Web site, if available, and  
14 included in its annual report in a section labeled "DIVERSITY."

15 (c) This section shall only apply to foundations *incorporated*  
16 *in the State of California* with assets over two hundred fifty million  
17 dollars (\$250,000,000) and shall apply only to a foundation's  
18 domestic grants.

19 (d) For purposes of this section, "organization" means an  
20 organization described in Section 501(c)(3) of the Internal Revenue  
21 Code.

22 SEC. 2. Section 16065 is added to the Probate Code, to read:

23 16065. (a) Notwithstanding any other provision of law, a trust,  
24 during any period or periods that it is deemed to be a private,  
25 corporate, or public operating foundation *incorporated in the State*  
26 *of California*, shall collect the following information:

27 (1) The racial composition of its board of trustees or directors,  
28 including the number and percentage of board members that are  
29 African-American, Asian-American, Pacific Islander, Caucasian,  
30 Latino, Native American, and Alaskan Native.

31 (2) The gender composition of its board of trustees or directors,  
32 including, the number and percentage who are male and female.

33 (3) The racial composition of the charitable trust or foundation's  
34 staff, including the number and percentage of full-time equivalent  
35 staff members that are African-American, Asian-American, Pacific  
36 Islander, Caucasian, Latino, Native American, and Alaskan Native.

37 (4) The gender composition of the charitable trust or  
38 foundation's staff, including the number and percentage who are  
39 male and female.

1 (5) The number and percentage of business contracts awarded  
2 to businesses owned by African-Americans, Asian-Americans,  
3 Pacific Islanders, Caucasians, Latinos, Native Americans, and  
4 Alaskan Natives.

5 (6) If applicable, the number of grants and grant dollars awarded  
6 to organizations specifically serving African-American,  
7 Asian-American, Pacific Islander, Caucasian, Latino, Native  
8 American, and Alaskan Native communities, lesbian, gay, bisexual,  
9 and transgender communities, *disabled communities*, and other  
10 underserved communities.

11 (7) The number of grants and grant dollars awarded to  
12 organizations where 50 percent or more of the board members are  
13 ethnic minorities.

14 (8) The number of grants and grant dollars awarded to  
15 organizations where 50 percent or more of the full-time equivalent  
16 staff are ethnic minorities.

17 (9) The number of grants and grant dollars awarded to  
18 predominantly low-income communities.

19 (b) The information collected pursuant to subdivision (a) shall  
20 be posted on the foundation's Internet Web site, if available, and  
21 included in its annual report in a section labeled "DIVERSITY."

22 (c) This section shall only apply to foundations *incorporated*  
23 *in the State of California* with assets over two hundred fifty million  
24 dollars (\$250,000,000) and shall apply only to a foundation's  
25 domestic grants.

26 (d) For purposes of this section, "organization" means an  
27 organization described in Section 501(c)(3) of the Internal Revenue  
28 Code.